CREATION OF EMPLOYMENT OPPORTUNITIES: IS IT A FAR CRY?

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ABSTRACT

Government of India has implemented a series of wage employment and self-employment programmes. Though there have been some pockets of success, where the mainstream employment has grown through the assets generated under the programmes, the overall scene has not been very encouraging. In other words, these programmes have neither reduced poverty levels in a sustainable manner, nor have they expanded the labour absorbing capacity of the mainstream economy on any significant scale. Consequently, these programmes have remained a long term financial drain on the economy. Ultimately the Tenth Five Year Plan observed that the growth rate of employment had slowed down in the nineties. Though the average annual rate of growth of GDP was higher in the nineties (6.7 percent) than in the eighties (5.2 percent), the rate of growth of employment had been much lower (1.07 percent) in the nineties than in the eighties (2.7 percent). If the present trends in employment coefficients continue, there will be a huge burden of the unemployed in the economy even at the end of the Eleventh Plan.

Unemployment is observed both in developed and under developed countries. The problem of unemployment is very much acute where it is involuntary in nature and its intensity is very high. In order to judge the severity of unemployment it is necessary to measure unemployment. Unfortunately there is no reliable data on employment generation as well as unemployment. Along with the lack of reliable estimates of unemployment, we are in dark in respect of under employment and a vast majority of rural educated youth suffers from the problem of under employment. The severity of the problem is well understood if we keep a sharp look around us.
Planned economic development has been started in India since 1951 through adoption of Five Year Plans. During the earlier phase of planned economic development we do not find any exclusive policy on employment generation. At the later part of 1970s Wage Employment Programmes and Self-Employment Programmes were introduced for generating employment. Wage Employment Programmes basically aim at making opportunities of employment available to poor unemployed persons. On the other hand Self-Employment Programmes aim at extending credit cum subsidy or training facilities to the rural unemployed people. During a long history of thirty two years so many projects, entitled as either ‘Yojana’ or ‘Programme’ or ‘Scheme’, have been introduced for generating Self-Employment or Wage Employment. The number of projects has been keeping pace with the continuously growing unemployment. Government deserves a high credit at least in respect of variety in entitling the projects. Some may argue that even in the event of rapid population growth government has been trying its level best to mitigate the problem of unemployment. But government can not deny the failure of taking due care of the problem.

There are sufficient reasons to have failure in Self-Employment Programmes. A Self-Employment Programme becomes successful when it is applied to a sustainable enterprise and therefore it is necessary to find a sustainable enterprise. Sustainability of an enterprise again depends on the existence of sustained market demand. Hence an enterprise without sustained market is bound to collapse despite the availability of credit cum subsidy or training. It has been happening in majority of the cases. As an way out we can think of materializing projects with effective employment potential under government initiative through extracting locally available resources. It would have been much better if money spent for providing credit cum subsidy or training are utilized for finding and running such projects.

Same conclusion can be drawn for the activities of apparently successful Self Help Groups (SHGs). Government may propagate the success of activities of SHGs for very few years at the beginning, but how many of them would survive in near future is an open question.

Though creation of wage employment opportunities is morally acceptable, its capacity is very limited. It plays a mere role in mitigating the problem of unemployment specially in the event of rapidly growing population and unemployment problem. In spite of such limitations government knowingly introduces “National Rural Employment Guarantee Act” or “Employment Assurance Scheme” or “Rural Landless Employment Guarantee Programme” simply to make poor people fools. It is not understandable which magic can create an uniform 100 days’ job per one person per poor family in a year all over India. Though the Act speaks of remedial measures to be undertaken in the event of non-availability of job, it is still silent on the penal action to be taken against the offenders. Perhaps it was known that there would arise no question of penal action. Many of my learned friends have already pointed out corruption in respect of distribution of job cards, existence of non-utilization of funds and financial irregularities. But the existence of limited employment opportunities as compared to huge demand is the prime cause of birth of such
irregularities. If government limits himself within his actual capacity in taking up the projects, he will be able to keep himself free from the criticism labeled as pretention of helping the poor. Until and unless government initiates new projects with wage employment potential, there would not be any expansion of employment opportunities and solution to the problem of unemployment would remain a far cry.

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The problem of unemployment in underdeveloped countries like India is basically structural in nature and exists in open and disguised forms. Population in India has been growing at a rapid rate whereas employment opportunities have not been expanding correspondingly leading to the problem of persistent unemployment and under employment. The problem of unemployment exists both in rural and urban areas. But the problem is more acute in rural areas and Indian rural economy suffers from seasonal unemployment, disguised unemployment and chronic unemployment. Though the removal of unemployment has been a proclaimed objective of India’s economic planning, yet until the Sixth Five Year Plan one does not find any reference to long-term employment policy with a bold approach to tackle the unemployment problem. For a long time it was assumed that employment situation would automatically improve as a result of economic growth. The employment policy envisaged in the Fourth Five Year Plan was greatly influenced by the Report of the International Labour Organisation on World Employment Programme and Indian planners accepted the need for pursuing comprehensive programmes of rural development and labour intensive public works programmes. In the Fifth Five Year Plan a high priority was accorded to the removal of unemployment. The Planning Commission was categorical in stating that unemployment problem could not be solved merely by wage employment. It asserted that major efforts would have to be taken for generating self-employment opportunities. The Planning Commission in the Sixth Plan document acknowledged the hard reality that despite economic planning employment opportunities had not adequately increased over the years and consequently we find the emergence of supplemental self-employment and wage employment programmes in subsequent Five Year Plans. Though we are having a long list of self-employment and wage employment programmes, unemployment is still a challenge today. So let us take a tour of the self-employment and wage employment programmes to evaluate our journey towards rural development and find out ways and means to counter the challenge

BRIEF OVERVIEW OF PROGRAMMES:

The major employment programmes undertaken for the benefit of rural people are as follows:

(i) Integrated Rural Development Programme (IRDP)
(ii) Training of Rural Youth for Self-Employment (TRYSEM)

(iii) National Rural Employment Programme (NREP)

(iv) Rural Landless Employment Guarantee Programme (RLEGP)

(v) Jawahar Rozgar Yojana (JRY)

(vi) Employment Assurance Scheme (EAS)

(vii) Swarnjayanti Gram Swarozgar Yojana (SGSY)

(viii) Sampoorna Grameen Rozgar Yojana (SGRY)

(ix) National Rural Employment Guarantee Act (NREGA)

The Integrated Rural Development Programme (IRDP) launched in 1978-79 and extended all over the country in 1980-81 was essentially conceived as an anti-poverty programme under the Sixth Five Year Plan. It through a programme of asset endowment, also meant to provide self-employment in a variety of activities like sericulture, animal husbandry and land-based activities in the primary sector; weaving, handicrafts, etc., in the secondary sector; and service and business activities in the tertiary sector. The assets provided to the households were financed through a mix of government subsidy and institutional credit on an average subsidy-credit ratio of 1:2. The Programme Evaluation Organisation of the Planning commission, Reserve bank of India, National Bank for Agriculture and Rural Development and a number of other institutions had conducted studies in respect of the IRDP. Most of these studies noted that the IRDP failed to provide the required self-employment. Wrong identification of the families to be helped, outright leakages through corruption and malpractices, overwhelming bias towards animal husbandry, inadequacy of banking infrastructure in certain areas, and non-adoption of the cluster group approach were identified as the major weaknesses.

Training of Rural Youth for Self-Employment (TRYSEM) was initiated in 1979 with the objective of tackling unemployment problem among the rural youth. It aimed at providing training to rural youths to enable them to become self-employed. Under this scheme 40 youths, belonging to rural family having income less than Rs 3500 per year, were to be selected from each block. In making selection members of scheduled castes and scheduled tribes were given preference. As per guidelines a minimum of one third of the rural youths trained were to be women. The Sixth plan had a target of training 10.05 lakh youths. Against this 9.4 lakh youths actually received training and of those 4.64 lakh youths were self-employed. Among those who were trained 34.8% were women and 31.5% belonged to the scheduled castes and scheduled tribes. Under the Seventh Plan this scheme covered about 8.73 lakh rural youths from families below the poverty line. They were provided with technical skills suitable for getting self-employment in agriculture and allied activities, industries, services, business activities etc. In the span of six years from 1990-91 to 1996-97 this scheme had benefited 20.63 lakh rural youths.
The National Rural Employment Programme was started as part of the Sixth Plan and was continued under the Seventh Plan. On April 1, 1989 it was merged into the Jawahar Rozgar Yojana. The NREP was meant to help that segment of rural population which largely depends on wage employment and has virtually no source of income during the lean agricultural period. Under the NREP development projects and target group oriented employment generation projects were closely intertwined. The programme was implemented as a Centrally-Sponsored Scheme and its financial burden was shared by both Central Government and State Government on 50:50 basis. The programmes of work under the NREP were formulated in the light of the information on estimated number of persons who would seek work and estimated available work opportunities. For the success of the scheme the State Government had a shelf of projects for each block on a sufficiently dispersed scale. Preparation of projects was a continuous process. However most of the blocks lacked technical expertise that was required for preparing these projects. According to the Planning Commission implementation agencies were required to give priority to works relating to social forestry and pasture development, soil and water conservation, irrigation, flood protection and drainage, field channels in irrigation command areas, construction and improvement of village tanks and ponds, schools and dispensary buildings and works to improve village environments, hygiene and sanitation. The NREP lasted for nine years. In the five year period of the Sixth plan and four year period of the Seventh Plan it generated 174.13 and 1477.53 million man days of employment respectively. However independent researchers are of the view that the claims of the government in respect of employment generation under the NREP programme were exaggerated as in most cases the real beneficiaries were not those who needed the support most.

The Rural Landless Employment Guarantee Programme (RLEGP) was started on August 15, 1983, with the objective of expanding employment opportunities to the rural landless people. The programme aimed at providing guarantee of employment to at least one member of the landless household for about 100 days in a year. Under this scheme infrastructural development was undertaken with a view to create employment opportunities for the rural landless. Though the programme was to be fully financed by the Central Government, the implementation of the programme was entrusted to the states. This programme was continued as a separate entity until April 1, 1989 and on this date it was merged into the Jawahar Rozgar Yojana. Due to the restricted nature of the programme its impact on rural unemployment was only marginal.

Jawahar Rozgar Yojana (JRY) was announced in February 1989. It was a wage employment programme with its main objective of generation of employment in the lean agriculture season to the unemployed and underemployed rural people both men and women living below the poverty line. Later on it was felt that there had been no need to have the separate NREP, RLEGP and those programmes were merged into JRY. The significant aspect of the scheme was that it had been implemented by the Panchayats at the village, block and district levels in the ratio of 70:15:15 respectively. An amount of Rs.2095 crore had been allocated during 1998-99 for JRY. Against a target of 396.66 million man-days during 1998-99, a total of 190.28 million man-days were generated up to November 1998 with an expenditure of Rs.1244 crore.
The Employment Assurance Scheme (EAS) had been universalised so as to make it applicable to all the rural blocks of the country. It aimed at providing 100 days of unskilled manual work up to two members of a family in the age group of 18 to 60 years normally residing in villages in the lean agriculture season, on demand, within the blocks covered under EAS. A sum of Rs.1990 crore had been provided during 1998-99. During 1998-99, a total of 237.61 million man-days had been generated under the scheme with an expenditure of Rs.1572 crore up to November 1998.

Swarnjayanti Gram Swarozgar Yojana (SGSY) has been introduced as a new self-employment programme in April 1999. The absence of proper linkages among the earlier programmes as well as lack of proper social intermediation resulted in achievement of individual targets rather than having a cumulative impact on the situation of unemployment. In the process the objective of sustainable income generation on a collective basis was lost. This led to the restructuring of earlier programmes in order to make them more effective in providing sustainable income. With a view to achieve the objective of sustainable income generation, by organizing the rural poor into Self-Help Groups (SHGs) through a process of social mobilization, training, capacity building and the provision of credit cum subsidy, SGSY has been introduced. SGSY is basically a holistic programme of micro enterprises covering all the necessary aspects of self-employment. It is a centrally sponsored scheme and funding for the programme is shared by the Central Government and the State Government in the ratio of 75:25. A self-Help Group is an organisation of the poor people at the grass root level meant to exploit their potential for their own betterment. It emerges as a process of social mobilization which enables them to build their Group Corpus through thrift and credit activity amongst the members. Groups take up economic activities of their choice for income generation. SGSY emphasizes the cluster approach which implies that each block concentrates only on a few selected key activities all aspects of which are properly attended to. This cluster approach is supposed to facilitate backward and forward linkages to enable generation of sustainable income. Implementation of cluster approach is somehow difficult and it requires sufficient expertise to plan, organize and develop enterprises. Sustainability of activities of SHGs depends on the availability and utilization of such expertise. As the present practice does not involve requisite expertise limited success is a sure event to come. Many apparently successful activities are bound to disappear in near future only due to lack of proper planning and guidance and pursuance.

Sampoorna Grameen Rozgar Yojana (SGRY): After evaluating the outcome of JRY it was felt that there was a need to develop rural infrastructure based on local needs. Accordingly the government decided to streamline and restructure JRY with its new focus on the development of rural infrastructure and it was renamed as Jawahar Gram Samridhi Yojana (JGSY) with effect from April 1, 1999. As per the review report of the Ministry of Rural Development EAS was merged with JGSY and a new scheme called the Sampoorna Grameen Rozgar Yojana (SGRY) was introduced in September 2001 with a view to give more attention to the additional wage-employment, infrastructure development and food security in the rural areas.
The SGRY was a Centrally Sponsored Scheme and the cost was shared by the Centre and the State in the ratio 75:25 in the case of cash component. Under the SGRY programme wages were paid partly in food grains and partly (at least 25%) in cash. The Panchayeti Raj Institutions (PRIs) had been assigned the important role of preparing, implementing and effectively supervising the works taken up under the SGRY programme.

**National Rural Employment Guarantee Act (NREGA):** The "National Rural Employment Guarantee Act (NREGA)" was enacted in September 2005 and brought into force with effect from February 2, 2006 in 200 most backward districts with the objective of providing 100 days of guaranteed unskilled wage employment to each rural household opting for it. The NREGA marks a paradigm shift and stands out among the plethora of wage employment programmes, as it bestows a legal right and guarantee to the rural population through an Act of Parliament and is not a scheme unlike the other wage employment programmes. The ongoing programmes of Sampoorna Grameen Rozgar Yojana (SGRY) and National Food for Work Programme (NFFWP) have been subsumed in NREGA.

The NREGA would cover all districts of the country within five years. The focus of the Act is on works relating to water conservation, drought proofing (including afforestation /tree plantation), land development, flood control/protection (including drainage in waterlogged areas) and rural connectivity in terms of all-weather roads. Each district has to prepare perspective plan of 5 years with a bottom up approach deriving from the needs of the local community. The said plan should have the approval of especially the derived community and the PRIs. Panchayats have a key role in planning, implementation and monitoring of the Act through preparation of perspective plan, approval of shelf of projects, execution of works at least to the extent of 50 per cent in terms of costs.

The Act envisages strict Vigilance and Monitoring. Gram Sabha has the power of social audit. Local Vigilance and Monitoring Committees are to be set up to ensure the quality of works. Provision for due representation in such committees for SC/STs, women has also been made. At least 1/3rd of the beneficiaries are to be women. Key records such as muster rolls, asset registers and employment registers are to be maintained and public access to them are to be ensured. The Act also envisages a grievance redressal mechanism and helpline. A comprehensive MIS has been developed to capture work-wise and household-wise data and track the progress of resources invested.

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these programmes have remained a long term financial drain on the economy. Ultimately the Tenth Five Year Plan observed that the growth rate of employment had slowed down in the nineties. Though the average annual rate of growth of GDP was higher in the nineties (6.7 percent) than in the eighties (5.2 percent), the rate of growth of employment had been much lower (1.07 percent) in the nineties than in the eighties (2.7 percent). If the present trends in employment coefficients continue, there will be a huge burden of the unemployed in the economy even at the end of the Eleventh Plan.

**APPROACHES:**

One observes that there are four major approaches adopted by different governments for providing, minimum employment / incomes to the poor living at the bottom rungs of an economy. These are as follows:

**Communitarian Model:** According to this approach, workers are entitled to their minimum needs by belonging to a communal society. Under this approach, which was adopted by China in the pre-reform period, it is obligatory for workers to work as per the needs of the community, and in return, they are ensured of a minimum level of living.

**Right to Income Model:** According to this approach, the un / under employed have a right to a minimum income (i.e. social welfare) from the state. In return they have to work whenever work is made available to them. This approach was adopted by the Netherlands in the 1930s after the Great Crash to provide employment to the masses of the unemployed in the country.

**Wage Employment Model:** According to this approach, wage employment on public works is provided to the poor on a scale, without any kind of guarantee. The poor are expected to earn some additional incomes through this employment. Government of India has used this approach under its various wage employment programmes like the Jawahar Rojgar Yojana, Employment Assurance Scheme, Sampurna Gram Vikas Yojana etc.

**Right to Work Model:** According to this approach, workers have a legal right to demand work from the State for wages. This approach has been adopted by Maharashtra State under its Employment Guarantee Scheme. The poor are ensured of a minimum wage income through this guarantee.

All the four approaches basically aim at using surplus manpower in generating productive assets of different kinds in line with the approach recommended by R Nurkse or Hirshman in the 1950s and 1960s (Nurkse 1957, Hirshman 1961). The first and the second approaches do not seem to be feasible in India as the first is not feasible politically and the second is not affordable financially. India has used the fourth approach for more than three decades without much success in the sense that even at the end of about three decades of wage employment programmes, the country needs these programmes on a large scale! The fourth approach of employment guarantee seems to have greater impact than the third approach, but it needs to be implemented by ensuring the creation of sufficient employment opportunities.
INDIAN EXPERIENCE:

The Indian experience with a large number of wage employment programmes during the past few decades has shown that if wage employment on public works has to result in poverty and unemployment reduction, it is necessary that (1) the employment would be made available on a scale that meets the demand, (2) it is to be provided at the minimum wage rate for adequate number of days to ensure minimum incomes, (3) the employment would be made available locally so as to reduce distressed out migration, (4) the employment would be accompanied by a minimum package social security (i.e. security against injury, sickness and death, old age, maternity), (5) there should be a good public distribution system (PDS) to ensure access of workers to food grains. The programme can also have impact on the labour market in a way that favours the poor. To start with, generation of large scale wage employment at a minimum wage rate will tend to push up the market wage rate, which will benefit the other workers. Secondly, it will reduce the segregation of the labour market based on caste, gender etc. as there will be no discrimination based on these factors under wage employment programmes, leading to integration of the labour market. Thirdly, these programmes will encourage workers to get organized to improve their bargaining strength, which will enable them to demand for their rights – wages, social security, working condition – collectively.

Similarly, if the use of surplus labour under wage employment programmes has to result in capital formation, i.e. generation of productive assets that generate employment in the short run and also in the long run by expanding the labour absorbing capacity of the mainstream economy, it is necessary that the selection and sequencing of assets/works is to be done systematically. That is, the assets selected are labour intensive during the construction phase, preferably with short gestation periods, and they generate sustainable employment in the mainstream subsequently. Since the productive assets are not likely to generate mainstream employment automatically, there is a need to ensure their productive use systematically. In order that the assets are used productively to generate employment in the mainstream, it is necessary that (1) appropriate support measures are to be provided in terms of finance/credit, institutions and infrastructure and (2) skill training and capacity building of workforce is to be undertaken, which will also improve labour productivity and wage incomes of workers. It is important to see that the programme does not end up in generating a large army of unskilled workers on a permanent basis. This implies that the wage employment programme needs to be implemented in a project mode in a decentralized framework and not as a top down programme. It is clear that a wage employment programme is successful if it is needed less and less over time. That is, it is treated as a programme for transition of the economy from a labour surplus economy to an economy with a minimum surplus labour. The programme thus aims at strategic use of surplus labour to promote labour intensive sustainable development.
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